

AD HOC MIDDLE HOUSING CITIZENS ADVISORY COMMITTEE

Meeting Minutes

November 18, 2020 6:00 PM

NEWBERG CITY HALL

Meeting held electronically due to COVID-19 pandemic

(This is for historical purposes as meetings are permanent retention documents and this will mark this period in our collective history)

CDD Chair Dailey called the meeting to order at 6:05pm

ROLL CALL

Members Present: Melisa Dailey, Chair
Robert Bonner, Vice Chair
Gabriel Skulec
Irma Vera
Leslie Murray

Members Absent: Dominic Seymour, excused
Robert Moxley, excused

Staff Present: Doug Rux, Community Development Director

Consultants: Heather Austin, 3J Consulting
Elizabeth Decker, JET Planning

AGENDA REVIEW:

Elizabeth Decker, JET Planning started with the PowerPoint on Middle Housing code updates. We will go over the overview about the Code audit, concepts and the Middle Housing feasibility to give us an idea of what we are planning for. There will be more discussion about parking and considerations for all housing types. We will talk more about Cottage Clusters, Master Plan Communities and key issues we didn't have much time to talk about last meeting. We will hear from the Committee about your interest areas in the code, development regulations, and Middle Housing that we haven't highlighted so far.

Elizabeth continued with the presentation. What is this future planning for, duplexes, triplexes, quadplexes, townhouses or cottage clusters for 2021? There could be projects of new construction or additions and conversions of existing buildings, such as adding another structure to an existing lot and ending up with two, three or four units. Some could be sited in existing neighborhoods or new neighborhoods. Units be built on an entire lot from scratch and with that comes the opportunity for some of these to be sited in existing neighborhoods, either through conversions or through purchasing a lot, demo and then a building construction. She noted there is opportunity to have these located across the City.

Elizabeth did a tour to show a sense of what these new housing types might look like, based on some of the first ones that were seeing built and how they might differ from historical examples. They are not building houses like they used to and with all the same trends that we've seen that effect single-family detached construction over the years are likely going to affect Middle Housing as well.

Elizabeth continued with showing the different design images. She wanted the Committee to think about some of the challenging design issues, for example when looking at the different types from the perspective of the building itself, is it feasible to build this triplex or townhouse in this location. What are some design challenges that might limit the ability to get these housing types built? How these housing types get integrated into surrounding neighborhoods. Keep in mind some of these are going to be more of an infill scenario where most blocks already have a good mix of different housing types. There are going to be opportunities in newer neighborhoods where things are going to be more similar.

Elizabeth showed pictures of new and old duplexes. She noted duplexes and Middle Housing haven't been built for the last 50 to 75 years. The picture showed an old duplex which is not the same architectural style or design features then some of the newer duplexes that you also see in the pictures. She showed an example of a corner duplex where there's a lot of the similar construction trends that you're seeing in new construction in terms of material choices, roof slopes which are a little different, and they are able to take advantage of the corner. She showed another corner duplex where there is a blurring of the lines between these types, whether this is truly a corner duplex or whether it's two townhouses on the corner. She talked about these detached duplex options and showed an example of what a detached duplex might look like. It is two smaller homes that are situated on the same lot. Another newer example, a different architectural style, is the new duplex with no driveway in front and you are able to see more of the front yard, the driveway is tucked behind where the garage access is. In the next example of a new duplex there is a balancing of getting driveways in those garages onto the front and having a presence on the street and main entrances.

Elizabeth noted potentially you could have a scenario where you see a row of duplexes all built similar but have different detailing choices. She showed a triplex on the corner that could be townhouses, the idea is three attached units on a single lot. She showed one that was built by an affordable housing developer in Portland with parking on the street that did not include a rear driveway or garage in order to maximize these units and get them to fit on the corner lot. She showed a different approach to a triplex, this lot was kind of a triangle shape, with a staggered setback for the three units, access to parking in the back, double car garages, and front porches with direct connection to the sidewalk.

Elizabeth showed the next example of a quadplex with multiple entrances and a new quadplex infill. In an older residential neighborhood it does not have off street parking, all the parking is on the street in order to fit four units on a corner lot, but each have individual entrances and connections to the street. There are also opportunities for quadplexes in new neighborhoods and she showed a new quadplex being built in South Hillsboro by Lennar Homes.

Elizabeth continued with townhouses, noting there is a blurring of the lines between the different housing types whether it's a duplex or townhouse. It is the invisible lot line which could be shrubberies or you cannot see with the naked eye. There is more in common than not uncommon for us to think about from a regulatory perspective. She showed a six unit townhouse on two lots on a corner, they were able to combine and take advantage for these six units. They put in a rear driveway that loops around the back of the site and provides access to parking. She showed a five unit townhouse project that has parking in the rear where they were able to have that presence on the street. Next she showed townhouses with front garages and driveways, which are taking direct access from the street which creates impacts in terms of the driveways and garages. There's not a lot of pedestrian opportunities here, even if there is a sidewalk it would get pretty broken up by those repetitive driveways. This is something to think about as we contemplate access options for townhouses.

Elizabeth noted we now get to cottage clusters that were hoping to talk more about tonight in detail. She showed some examples with a lot of good details, well scaled and are smaller. These types of cottages have been the few examples that have come forward. Many of them are less affordable than you would hope. The big question going forward with cottage development is, will we see some changes to the architectural styles being used on cottages in order to appeal to a broader price point. She showed an example of a cottage cluster layout from Florence, OR, they have 12 units clustered around a shared lawn and garden space in the center. Shared parking bays that aren't directly adjacent to the sites which doesn't seem like an appealing option. We have also seen some builders experimenting with some alternative layouts. Showing some flexibility around the courtyard orientation, instead of making every unit face the common greenspace but are able to have a lot closer proximity to parking areas. It allowed more units to fit onto this site and some amenities for future residents to make a little more livable. She then showed units with the garage oriented toward the alleyways and front of the homes are oriented towards the green spaces in the center. She showed one that couldn't be built under the State Model Code.

Elizabeth noted this is where our questions come in as we start our discussion and how much flexibility we want to put into the cottage cluster standards to allow alternative layouts and some greater flexibility bringing price points down and making it more feasible to get some of these projects built.

Elizabeth noted some takeaways are a range of architectural styles, some mirror broader industry trends for residential development, some individual subdivisions within the City in terms of regional preferences. The scale of the units in the building can be pretty large, so you will want to think about how the scales make sense in various situations. Think about

parking because it has impacts on the site design, relationship to the street, impact for future residents, neighborhoods and feasibility of building the housing.

Elizabeth opened up to take a pause to go around the group to hear initial impressions.

Chair Dailey noted she finds herself thinking in terms, is this going to be a rental or something that's sold for ownership. The price points and who you're serving are a lot different. Some of those homes whether duplexes or townhome are nice but are a high price point. We need more housing which is good but more affordable housing is needed and it feels necessary to balance the market. There are larger pieces of land that are master planned in areas that might have more of an impact for affordable housing in terms of volume.

Elizabeth noted the images are of higher end and don't help with affordability. She will work on finding more images of more affordable housing units as we get closer to the open house. One thing with regards to Middle Housing is that newer housing is always more expensive, so a higher number of units to inventory in newly built areas could bring down competition. She will ask an economist if it's really going to work but has heard it described as a game of musical chairs and there is not enough chairs.

Member Murray noted why not give the developer and homeowner as many options as possible because they are looking for more creative options.

Elizabeth noted some concerns is you get some large scale buildings, parking is the biggest one and if you let it be flexible the impacts can be externalized. Those are some of the commonly cited concerns about giving flexibility in not regulating these housing types.

Chair Dailey asked, what are some of the challenges to implement some of these housing types? What about smaller units and the likelihood of having more Airbnb or short term rental properties.

Elizabeth responded in terms of challenges that we've detailed are in the code audit. Existing setbacks and lot coverage standards or other zoning standards could limit the development of these types.

Member Vera brought up the question about renting or selling these units and how many rooms are the units going to have.

Elizabeth noted it's going to be according to the individual projects. We hope to create opportunities both for units that can be sold, owned or rented. Some of the housing types are more conducive than others. Townhouses generally make better ownership products. Quadplexes for example, four units on a single lot it is likely that they would get rented out, where condos sell as individual units and townhouses make better ownership products. How many bedrooms depends on the site and the project.

Member Vera noted on affordable housing using a townhouse as example, they are around \$200,000 to \$210,000 which is affordable housing, is the price going to stay around this range or go below this amount.

Elizabeth noted with Middle Housing we talk about affordable housing. The City doesn't have a lot of power to directly impact the prices to the resulting homes. I don't have a lot of forecasts about how much these homes are going to cost. Generally you make them smaller, with smaller lot sizes, and creating a lot of ways to reduce the costs. New construction is still going to be expensive to develop. We will have to wait and see to get a better sense of what the prices will be.

Middle Housing Forecast:

Elizabeth continued with the Middle Housing forecasts, when, where and how many of these new housing types are we likely to see to help us have a sense of what the magnitude of impact might be as we are developing zoning standards. Newberg is not Portland or a part of the Metro area, but we looked around for case studies about what could happen with Middle Housing. Looking at accessory dwelling units (ADU) in the City of Portland, it has a lot of interesting parallels. In the last 18 years of permitting history of about 20 per year, in 2010 it started picking up and hit 600 units per year. The City opened the door by allowing these zoning code regulations, even before 2000 they made some incremental revisions to the zoning code reforms. There was greater consumer homeowner awareness, changes in the market, and financial incentive from the City by waving the system development charges (SDCs). This reduced the price of homes about 5% to 10% for homeowners to develop. The takeaway here is that Newberg and in the State, in terms of Middle Housing is

likely to see very low numbers of permits for these new housing types. We're trying to take the first step with this project of opening the door making these permissible to do and we will continue as a City and State to look for other financial, educational and other incentives that are going to help these projects take off in areas where there is interest and demand.

Elizabeth noted what we're going to see is uneven distribution of where these Middle Housing types land. Showing the map of Portland, the inner east side is flatter and has the more traditional 5,000 square foot lots with single family residences and you see where most of the ADU's are clustered. She noted whatever the pattern is going to be in Newberg, it will probably be neighborhoods that are more conducive to infill development and newer neighborhoods. That might be more conducive to larger new development projects of Middle Housing, but is likely not to be distributed, with some even spacing and some areas where there clustered more than others.

Elizabeth noted some lessons we see is the incremental zoning reforms accompanied by financial policies seem to make the difference for ADU's, which is the same story for Middle Housing. We are looking at slow growth in permits over the next 20 years. She noted the impact is that ADU's only total about 1% of the total dwelling units in Portland which is a small percentage. We don't expect the Middle Housing types in Newberg to take over the market overnight.

Elizabeth went over materials that ECONorthwest put together as part of their Feasibility Analysis to help the State understand how to write zoning regulations for Middle Housing that supports options developmentally feasible in terms of providing a rate of return on a project. She noted the graphs are to show the few scenarios that were tested, cool market, warm market, and hot market. None of the cool market triplexes are feasible under any scenarios. It's going to make market sense to develop triplexes and guessing that Newberg's going to be a warmer/hot market. It will be interesting to see how many triplexes are built in Newberg given this limited financial outlook. She also showed the graph on quadplexes where there is a lot more scenarios where quadplexes start to look feasible.

Other Estimates:

Elizabeth noted a few things we're seeing in the State of Oregon is no more than 3% increase in residential density capacity, which can be assumed to result from the Middle Housing development in an existing UGB. She noted Minneapolis is also on the graph and just passed some reforms that allow triplexes on every lot with single family detached and have seen a total of 3 new permits in the first year of zoning code implementation.

Takeaways:

Elizabeth noted single family detached dwellings will remain the predominate type of housing and new construction. Middle Housing types may be feasible in limited scenarios. It will be interesting to see how these housing units get built over time, we have a slow growth expected, we will be lucky to total 2% to 3% of total housing units.

Role of Code Update:

Elizabeth noted building codes, SDCs, public improvements, requirements, land availability that's influenced by the UGB, private landowner's willingness, and factors outside the City's control financing consumer preferences and willing sellers and buyers. Our zoning code update is the important first step but not the only step that's going to make these projects actually take off and get built. We want to focus on what we can do knowing that there are some additional pieces that will need to come into play later.

Goals for Code Updates:

Elizabeth noted we are at the start and our goal is we want to do our best to set the tone for these Middle Housing types. She noted when writing code it's important to remember we don't have to predict the winning design, it's not about designing projects for developers, and it is more about setting some minimums for regulatory purposes and making sure that all development complies. With these zoning code updates that we're doing and because of the State's role in Middle Housing we need to make sure that we meet their minimums. With the design standards we get to choose among some available options, you can choose one or two or choose all of them but we will want to regulate how we choose the design standards and set minimums.

Parking:

Elizabeth noted the State requirements cap minimum off street parking which cannot be greater than one space per unit for all these housing types. Some development feasibility suggests that having no minimum parking better supports the creation of housing types and greater affordability. The City has the option to set it at one or bring it down lower.

Elizabeth noted the zoning code is not saying this parking is the right number for every site. There could still be sites that exceed the minimums because that's what makes sense for what the builders doing or the market that they're type of consumer is aiming for. You probably have not seen many single family homes developed without parking recently and that's not necessarily a function of the zoning code, it's more about what developers are trying to sell. In research around the State, it shows that some lower parking minimums are able to better support housing development with reduced energy demands and greater affordability. Bringing the parking down to one is a first step and thinking about whether it goes any lower is something we can discuss.

Elizabeth noted parking needs might change over time. What is built today is going to be serving neighborhoods in the next 50 years. If these housing types do start to get built in larger numbers, there could be some on street parking issues. The State has some tools and other communities have experimented with on street parking management tools and there are other tools more appropriate for residential neighborhoods.

Elizabeth opened for discussion to talk about the neighborhood impacts. What is the overall direction that you can provide in terms of setting the parking minimums, considering on street parking credits and how parking ultimately gets configured on a site?

Chair Dailey noted the meeting has gone close to an hour and wanted to see if everyone is available to continue until 7:30pm. All five Committee members can stay until 7:30pm. She also noted we need to talk more about parking in the future.

Elizabeth noted we can talk about parking and comments about parking with specific housing types. We could talk about cottage clusters and parking which is a different application.

Member Bonner noted as we think about parking is there any research on how many cars a typical family has with certain kinds of housing. For example, if someone with a two bedroom unit does that mean there is going to be two cars or one car. Can the information be broken down by unit?

Elizabeth noted they can look into existing and past uses, it would be up to the Committee to think about how we balance current demand versus future needs.

Member Vera noted the requirement is two parking spaces per house.

Elizabeth noted as we get into Middle Housing types it is going to come down to one parking space per unit with an option to reduce it further if the City is interested.

Chair Dailey noted some of the links that are in the packet had some interesting points. If parking is occupied at 85% on the street, then that is considered good. If you look at our neighborhoods around Newberg none are at 85%, we have this perception of parking being a problem, but is it really a problem? She noted every time you provide another parking spot it increases the value of the home, therefore decreasing affordability. All those costs make housing more expensive for the buyer. Do we have neighborhoods in Newberg that are considered having parking problems where it would border on needing permits?

CDD Rux noted at this time no we don't. For the downtown area we did a parking utilization study when we did the Downtown Plan. We have a few blocks where we have some hot spots and visually we're seeing more parking occurring on Second Street, which is that transition area from the commercial to residential. Just north of downtown between downtown and the railroad tracks we get some comments on parking issues but they are related to the very narrow streets from curb to curb. When you get north of the railroad tracks we haven't heard any issues about parking.

Member Vera noted she lives on Third Street near Walgreens and they do have a parking problem in the area, because of the students and apartments. But you go to the next street and there is no parking issue.

Cottage Clusters:

Elizabeth continued with cottage clusters. We are looking at bringing in cottage clusters as a permitted use on a single lot in the R-1, R-2, R-3 and RP zones. The cottage cluster State rules have a maximum footprint of 900 square feet and an area depending on whether you cap it at one story or two stories, there's a range of 900 to 1,800 square feet for the maximum area. It can be set anywhere in that range if the City wants to set a standard or looking at clusters of at least five to eight or up to a larger number of units. These can be on any lot 7,000 square feet or more with the common open space and minimum parking space. The minimum parking could be set at one space per unit or the option to go lower.

Elizabeth shared a graphic from the State about some of the specifics of how cottages have to be laid out in terms of having half of them face onto a courtyard and parking away from units. She showed a layout that would not meet the State requirements currently, but could have some flexibility if we change the percentage of units and have them oriented to the common courtyard. The next layout does not have the detached parking area, it has individual garages integrated into each of the courtyard, and we would have to make some changes to the footprint standards. There is some flexibility if we're allowing some garages and whether those count towards the footprint.

Discussion:

Elizabeth asked for a discussion on the desired size of the units and if the code caps the maximum size anywhere between 900 to 1,800 square feet or leave it open. Is there a number of units per cluster that you think is an important standard to set? There was a question about rental versus ownership. Should we look at adding a subdivision option that would allow individual lots for these? How many units have to be facing the green space? Parking questions on the number whether to allow some flexibility with garages or continue with shared parking areas.

Member Skulec asked if there is a requirement on how many units should be built for people who have accessibility issues with access from outside as well as inside. These kind of units may be popular for people who are in a wheelchair or they have other issues.

Elizabeth noted it would not be covered by the code if these were all built on a single lot and rented out. If you hit a certain number of units, you're required to have an ADA accessible unit, but it hasn't come up in this study. You get greater density of units or other flexibility if you allow some that are ADA accessible inside, but I don't know what the status is of those so I will look into it.

Member Vera noted she would like to see houses with 3 or 4 rooms and 1.5 baths with 2 parking units for big families.

Elizabeth noted specifically we're talking about cottage clusters. It's up to the builder if they want to do larger units but they might not be able to fit as many. The premise of these is that we could trade off smaller size of units in order to fit more. One way to say is perhaps the City doesn't want to regulate the maximum size of units so there's more flexibility to add some family size units.

Chair Dailey asked would having higher size units be allowed which would add more flexibility or is there a desire to see these cottage units stay regulated at a smaller scale. Knowing this is just one of the many Middle Housing types we will be adding to the City.

Member Murray noted an example is Friendsview Retirement Community would love something like this.

CDD Rux noted his market perspective, if you provide the flexibility that gives the developer more options. You go with no greater than 900 square feet, but the building envelope could be up to 1,800 square feet, that gives the builder flexibility to build different sizes. You could choose to do some at 900 square feet, 1,200 square feet building envelope or 1,800 square feet, let the market respond.

CDD Rux noted for Cottage Clusters, 5 to 8 cottages is good but you might want to allow up to 10 or 12 cottages in a cluster. For the minimum lot size, 7,000 square feet, if the developer found a 9,000 square foot lot and wanted to put in cottages, there's some flexibility on the building envelope size and different product could go on the ground. The idea of common space, by requiring everything to face the common area has limitations to it. Something more flexible you have a portion of the Cottage Cluster that has common space and another portion is not required to have the common space, provides some flexibility.

CDD Rux noted for consideration on the parking component his takeaway was at least one parking space on site.

Chair Dailey noted it seems like these would be rentals or entry level housing condominiums if you could make that work.

Elizabeth noted you could do condos or if the City's is interested we can pursue changes to the subdivision ordinance so that a developer could create individual fee simple lots for cottages and sell them the same as any other home.

Member Bonner asked what the requirement for the common space is.

Elizabeth responded the common space is 150 square feet per unit. It has to be centrally located and meet minimum dimensions so that it isn't just a sliver of land. The Model Code requires 50% of the units to be oriented onto that open space, which is a number that could go up or down.

Member Bonner noted on 750 square foot lot for five units, what is the livability and is it enough space for children to play. Can we write into the code how much percentage is needed for the common space?

Chair Dailey noted it is similar to parking, the more spaces that are required then it's less building area.

Elizabeth noted under the State Model Code 150 square feet is the maximum that can be required and we don't have the flexibility to increase that. This 150 square feet is how much is needed for the common open courtyard. That's not saying every other square foot of the site is going to be paved in and covered with homes. There is still going to be green spaces surrounding individual units and throughout the site.

Master Plans:

Elizabeth noted Newberg is unique in having available buildable land over 58%. Of the buildable land in these sub-districts and specific plan areas that have Master Plans eligible for potentially different treatment under the zoning regulations for Middle Housing. Duplexes have to be allowed on every lot in these areas, where the Middle Housing types, triplexes, quadplexes, townhouses and cottage clusters there is some more flexibility in terms of how they get integrated.

Elizabeth showed the geographic areas for the Master Planned Communities. Because they have had some special planning for those districts, at the State level and potentially the local level about whether Middle Housing is integrated into these areas that have already been planned in a different ways.

Elizabeth noted duplexes have to be permitted on every lot. There are options to tailor the allowances for other Middle Housing types, provided that some overall net density targets are met, and subsequent redevelopment of Middle Housing is permitted.

Discussion:

Elizabeth noted what she heard last meeting was the question, should these housing types be treated differently in these master planned communities or permitted more broadly similar to the residential zones.

Chair Dailey asked what is left to develop in these master planned areas. What is the zoning or density in these areas and would it be helpful to allow more housing types.

CDD Rux noted Springbrook Oaks is essentially built out, for the last residential site we have completed a land use approval. Friendsview is going to build Springbrook Community Phase 2 and is going to be duplexes. The last phase of that is a 58 unit apartment building. In the Northwest Specific Plan there is one large lot that's off of Aspen Way, it goes back to the west, to be developed in the future and there's a couple of infill parcels about 1 acre. The Riverfront Area is a mix, there is some medium density where duplexes or cottage clusters could occur. The Airport District is essentially for residential and built out. Springbrook hasn't been developed yet and has more of an opportunity. We already know we're going to allow duplexes, the question is with the 1,345 units that are planned in that development, could there be some triplexes, quadplexes, cottage clusters or some townhomes.

Chair Dailey asked what it would look like to allow these types.

Elizabeth noted the current regulations for these areas are of a mix specific to the area. Some technical aspects about how we would permit them is we could rewrite the R-1, R-2 and R-3 zones to allow the Middle Housing types. We could say

for these master planned communities you can develop similar to the R-1 with refinements that are applicable to that master planned community.

Chair Dailey asked once we hit the 25,000 population mark would all these other types be rolled into the duplex allow ability as well?

Elizabeth noted no they would not, the distinction is that the other Middle Housing types can be treated differently even for communities over 25,000 in population. She noted getting the Committees initial impressions is useful. The LCDC is still working on these sections and have not made a final decision, at our next meeting some of the specifics could be changing.

Open House:

Heather Austin noted the public open house will be on December 15. We will show the different housing types making sure we're clear on what Middle Housing is, including triplexes, quadplexes, townhomes and cottage clusters. Parking is an issue that we have heard many times, so we want to make sure we're clear about the State requirements. Should we get into the master plan areas, housing types, parking and anything else that you think is important? You can follow up with an email to CDD Rux if there is something you would like on the agenda.

Elizabeth noted they will be integrating all of this and the open house feedback into a final draft of the code assessments and concepts. Then we'll be able to move into the draft code language in early next year. She noted we look forward to seeing you at the open house and any help that you can provide with advertising the open house would be useful and any groups that you can connect with.

Member Bonner and Member Murray made a motion to adjourn the meeting, motion carried 5-0

ADJOURNMENT:

Chair Dailey adjourned meeting at 7:33pm

APPROVED BY THE AD HOC MIDDLE HOUSING CITIZENS ADVISORY COMMITTEE this xx, 2020



Melisa Dailey, Middle Housing Chair



Doug Rux, Recording Secretary